



28 May 2019

Closing of KSA Joint Venture transaction and 2019 earnings guidance update

Formation of NMC KSA Joint Venture completed with higher stake in Care

Further to the announcement made on 5 March 2019, NMC Healthcare ("NMC"), The General Organization for Social Insurance ("GOSI") and its investment arm Hassana Investment Company ("Hassana") are pleased to announce the closing of the definitive agreements signed on 4 March 2019 in relation to the formation of the joint venture ("NMC KSA") in the healthcare sector of the Kingdom of Saudi Arabia ("KSA").

NMC KSA is formed by GOSI's contribution of its 38.88% stake in Tadawul-listed National Medical Care Company ("CARE") at a price of SAR 54 per share and NMC's contribution of its five assets in KSA and an additional USD 66mn cash injection at closing. The cash injection has been utilized by the JV to acquire an additional 10.3% stake in CARE through privately negotiated deals at a weighted average price of SAR 52.6 per share. In total, NMC KSA now owns a 49.2% stake in CARE.

Following the closing of the transaction, NMC Healthcare owns 53% stake in NMC KSA, while GOSI owns the remaining 47%. NMC will control operations and the board of the joint venture entity.

For NMC, Moelis & Company and EFG Hermes acted as financial advisors and Shearman & Sterling LLP acted as legal advisor.

Upgrading underlying guidance

Given NMC's majority stake in NMC KSA, along with management control of the company, financial statements of NMC KSA will be fully consolidated. In turn, NMC KSA will recognize income from CARE as share of profit from an associate.

The underlying guidance for 2019 has been upgraded to reflect the impact of the JV, as well as consolidation of Boston IVF.

2019 revenues guidance: USD 2,500-2,540m (previous guidance: USD 2,425-2,465m)

2019 EBITDA guidance: USD 575-585m (previous guidance: USD 566-576m)

2019 share of profits from associate guidance: USD 7m

2019 net income to equity holders guidance: USD 320-330m

Adding the impact of IFRS 16

Management has refined the anticipated impact of IFRS 16 compared to the original guidance provided in the 2018 Capital Markets Day in October last year. Additionally, the impact of Boston IVF has been incorporated, which will add c. USD 25mn to lease liabilities.

Revised guidance including the impact of IFRS 16 is as follows:

2019 revenues guidance: USD 2,500-2,540m

2019 EBITDA guidance: USD 665-675m

2019 net income to equity holders guidance: USD 297-305m

2019 Lease liabilities guidance: USD 680-690m (including USD 25m associated with Boston IVF)

Prasanth Manghat, Chief Executive Officer of NMC Health, commented;

"We are pleased to announce the fruition of our partnership with GOSI and its investment arm, Hassana Investment Company, in the form of one of the largest healthcare operators in Saudi Arabia today. I personally view this joint venture as one of the top landmark events in the history of NMC since its inception. We have a clear vision for transforming NMC KSA into one of the most dominant players in the country. We will rapidly implement our strategic plan, bringing higher value services in the country, such as IVF, cosmetics and leveraging our association with Boston and Cincinnati Children Hospitals to strengthen paediatrics in KSA."

I am also pleased to share that our underlying guidance for 2019 has been revised upwards, with our revenue projections for the year increasing by about 3% and EBITDA forecast increase by about 2%, compared to our earlier guidance. The current year will also witness contribution by National Medical Care to our income. With an increased stake of 49.2% in Care by NMC KSA, we see many opportunities of leveraging growth by bringing its operational metrics in line with other healthcare operators in the Kingdom. We thus continue to view the future, both in the UAE and in KSA, with considerable optimism.”

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About NMC Health

NMC the leading private healthcare operator in the GCC with an international network of hospitals across 19 countries. NMC also ranks as one of the top three in-vitro fertilisation (“**IVF**”) operators globally. The Group is also a leading provider of long-term medical care in the UAE through its subsidiary ProVita. Pursuing an aggressive international expansion program from 2016, NMC has identified the Kingdom of Saudi Arabia (KSA) in particular as a key growth market, where the company has introduced long-term and multi-specialty care services. NMC received over 8.5m patients in 2018. The Group is also a leading UAE supplier of products and consumables across several key market segments, with the major contribution coming from healthcare related products. The Group reported revenues of US\$2.0 billion for the year ended 31 December 2018.

In April 2012 NMC was listed on the Premium Segment of the London Stock Exchange. NMC is a constituent of the FTSE 100 Index.